

WASTEWATER SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this 27th day of July, 2008, by and between RME Illinois, L.L.C., hereinafter referred to as “RME” and Fidelity Wes, hereinafter referred to as “Developer”, for the purposes and consideration set forth hereinafter.

RECITALS

A. RME is an Illinois limited liability corporation engaged in furnishing wastewater utility service in the State of Illinois, with legal authority to enter into this Agreement.

B. Developer owns certain property located within the Village of Long Grove (hereinafter “Property”), as described on the attached Exhibit “A” and incorporated by reference herein.

C. Developer is currently developing a residential subdivision on the Property, to be known as Eastgate Estates consisting of 9 single family homes (the “Development”), and has requested RME to furnish wastewater services to said Development.

D. RME is willing and able to furnish wastewater utility service to the Development, subject to its applicable rates, rules, regulations and conditions of service as they now exist or as they may be amended in the future, but presently has no sewer wastewater facilities within the Development.

E. Developer has proposed to construct and install a backbone wastewater Collection system (herein “Facility”) as may be required for RME to provide wastewater service to the Development, and transfer ownership of such Facility to RME, as provided hereinafter.

NOW, THEREFORE, in consideration of the mutual covenants, conditions, and agreements set forth herein, the parties hereto agree as follows:

AGREEMENT

A. Wastewater Service Facility

1. Developer agrees to construct the Facility, which includes the Backbone Plant and wastewater lines.
2. Subject to **(a)** the performance by Developer of all its obligations as forth herein, **(b)** the receipt of all necessary permits, authorizations, approvals and the like, and **(c)** all other terms and conditions of the Agreement, RME shall provide wastewater service to said Property.
3. Developer shall pay all costs associated with construction and installation of the Facility, and construct said Facility in accordance with a utility plan approved by RME and based on estimated quantities and itemized cost estimates as set forth on Exhibit "B" attached hereto and incorporated by reference herein, to provide adequate wastewater service to all structures to be located in the Property.

B. Construction of Facility

4. All plans, specifications and construction shall be in accordance with good utility practices, the utility plan for the Property, as approved by RME, and in accordance with all rules, regulations, requirements and recommendations of regulatory agencies having or asserting jurisdiction thereover. Prior to the commencement of engineering and construction by Developer, Developer shall procure the written approval of RME of all engineering firms, contractors and subcontractors it proposes to utilize to design and construct the Facility hereunder. All of said plans and specifications shall have all necessary approvals in writing of necessary agencies and the approval in writing of RME before any construction is commenced. Plans and specifications as approved by RME for the Facility to be constructed hereunder will be herein incorporated by reference and made part of this Agreement when so approved and as if set out in full herein.
5. Developer and RME agree that construction hereunder may proceed by "Units", and that all of the terms and conditions of this Agreement shall apply to

construction by Developer to each such Unit to the same extent as said terms and conditions apply to construction by Developer for the entire Property.

6. Developer shall obtain all requisite permits, easements and approvals in advance of construction. Developer shall provide all engineering, plans and specifications, materials, transportation, equipment, power, labor, supervision, testing, insurance, bonds, and all else required to construct and place the Facility into satisfactory operation in accordance with plans and specifications approved by RME.
7. Developer shall comply with the inspection and testing requirements of RME, which requirements shall be reasonable and shall not cause Developer any unwarranted material delays in the ordinary course of construction. Developer shall notify RME at least forty-eight (48) hours in advance of when Facility under construction is ready for inspection and testing, and RME shall inspect promptly after being so notified.
8. Developer and RME agree that, during the construction by Developer hereunder, RME may provide and Developer shall pay for and cooperate with an inspector reporting to RME regarding compliance with the plans and specifications under which said construction is performed. An invoice for the inspection services by RME shall be paid by Developer not later than thirty (30) days after the date of RME invoice.
9. Developer shall submit copies of paid invoices together with its corresponding lien waiver to RME for all engineering and other services, materials installed, construction performed, equipment provided and materials purchased for construction pursuant to this Agreement at the actual cost thereof. The form of said invoice used by Developer shall be as approved by RME. Developer shall also submit to RME the originals or complete and clear copies of all bills, statements, invoices, and all other evidences of expense received by Developer from subcontractors, vendors and others for all engineering and other services, materials installed, construction performed, equipment provided and materials purchased for construction pursuant to this Agreement together with corresponding lien waivers for these or other evidences of payment by Developer acceptable to RME and all additional supporting data relative to these which RME may reasonably request.
10. Developer agrees that its construction of the Facility for wastewater service to each Unit within the Property will be completed so as to enable RME to provide said services when requested to do so. Developer or its successors in interest shall notify RME when a sewer service connection has been completed prior to

any backfilling thereof. RME shall inspect such service connection promptly and if satisfactory will authorize backfilling.

11. Upon completion of work, Developer shall remove all equipment belonging to it or used under its direction or by its contractor or its subcontractors, and shall dispose of all unused materials, rubbish, surplus excavated materials and debris in a manner reasonably acceptable to RME. Developer shall repair all roads, sidewalks, parkways and all else affected by its work, which repairs shall be made in accordance with the requirements of RME and governmental agencies having jurisdiction thereover.

C. Transfer of Facility

12. Prior to service being provided and final acceptance by RME, the Developer is required, at Developer's expense, to provide RME the following documents:
 - a) Certifications of all applicable Permits and approvals, including, but not limited to, Construction Permits and Operating Permits, in accordance with plans and specifications approved by RME, and signed by a professional engineer registered in the State of Illinois and any appropriate regulatory authorities;
 - b) Complete set of "As-built" drawings certified by a professional engineer registered in the State of Illinois, showing by measurement the locations of all wastewater lines and service connections to all structures served from the Facility constructed pursuant to this Agreement, and the location and invert elevation of all tanks;
 - c) Recorded easements, final plats of Property, and all permits;
 - d) Final waivers of lien for materials and labor;
 - e) Copies of final invoices as referred to in paragraph 9; and
 - f) Payment of fees related to Facility.
13. All materials installed, facilities constructed and equipment provided by Developer in connection with construction of Facility under this Agreement and accepted by RME shall become the sole property of RME as installed, and full legal and equitable title thereto shall be then vested in RME, free and clear of any liens, without the requirement of any written document of transfer to RME or acceptance by RME. Developer agrees to execute or cause to be executed promptly such documents as counsel for RME may request to evidence good and merchantable title to said Facility free and clear of all liens.
14. Upon the satisfactory completion of the Facility, and full compliance by Developer with the provisions of this Agreement, ownership of the Facility shall be

transferred to RME. For such purpose, Developer shall execute and deliver to RME a written bill of sale describing the Facility with reasonable specificity. In such bill of sale, Developer shall represent and warrant to RME that (i) the Facility has been properly constructed and completed in accordance with the plans and specifications therefore; (ii) the Facility is free and clear of all liens and encumbrances of any nature; and (iii) the Facility has been inspected and approved by all public agencies and governmental authorities having authority over the construction and installation of potable water systems. Upon the transfer of the Facility, as provided herein, Developer shall retain no right, title, or interest in them. Prior to such transfer, all risk of loss shall be with Developer, and RME shall have no right or interest in the Facility. The Developer's contractor shall warrant all work for a period of one (1) year from date of transfer.

D. Easements

15. Developer shall grant to RME perpetual easements within the Property and outside as may be reasonably necessary for ingress and egress and for the Facility to be constructed to provide wastewater service in, to, and through the Property. Developer agrees to prepare and execute such easements for the Property in form and content satisfactory to RME and to include such easements on all plats thereafter prepared for review by governmental agencies and for recording.
16. This Agreement shall be subject to Developer providing to RME satisfactory evidence of perpetual easements over, under, and across all portions of the main and pipeline routes, whether within the Property or not, as may be necessary to serve each parcel or lot within the Development. All easements and rights-of-way shall be perpetually free of obstacles that may interfere with the operation, maintenance, and use of the Facility by RME.

E. Refunds to Developer

17. For Sewer Collection Mains that are part of the Facility, RME and Developer agree to adopt the sewer collection main refund methodology ("Sewer Refund Methodology") approved by the Illinois Commerce Commission ("Commission") in Illinois-American Water Company, Docket 01-0645. In accordance with the Sewer Refund methodology, RME will refund to Developer one and one-half times the amount of estimated per customer annual sewer collection service revenue from a customer similarly situated to each "Original Prospective Customer", as defined in Docket 01-0645 (a customer who contracts for at least

one year of wastewater service, commencing within 30 days after the date that service from the Wastewater Collection Main is first available).

18. The total amount of refunds of payments to Developer under Paragraphs 25 and 26 shall in no event exceed the cost to the Developer (with interest) of constructing the Wastewater Collection Mains.

F. Warranties

19. Developer covenants it has all requisite contractual, corporate and statutory power and authority to enter into this Agreement and all other Agreements and documents contemplated hereby, without requirement of referendum or approval from any third party.
20. Developer guarantees all construction, materials and workmanship provided under this Agreement for one year after Final Acceptance by RME. Final Acceptance is defined as the date when Developer has received written acceptance from RME, completed all construction required by this Agreement and corrected all punch list items requested by RME to the satisfaction of RME. Developer warrants that all construction, materials and workmanship provided under this Agreement will be completed substantially in accordance with the plans and specifications for said Facility as approved by RME.
21. Developer agrees that it will promptly correct all defects and deficiencies in construction, materials and workmanship upon request by RME made subsequent to inspection by RME. Developer, for a period of (1) one year after Final Acceptance by RME, shall 1) do what is necessary to keep all tanks at proper elevation, relative to surrounding grade; 2) repair promptly at no cost to RME, or pay for the repair thereof by others, all sewer line breaks, or other damages to RME's Facility and appurtenances thereto attributed directly or indirectly to construction by or for Developer, or any of its corporate affiliates or subcontractors. Inspection and approval of Facility by RME shall not waive any right of RME under this Agreement.
22. It is specifically provided by and between the parties hereto that it is the express intention and agreement of the parties that the legal effect of this Agreement shall be that no mechanics' lien or claim may be filed or maintained by anyone including, but not limited to, any of the parties hereto, any contractor, subcontractor or materialman performing labor or furnishing materials in any way relative to any of the covenants and agreements of this Agreement. In furtherance of the foregoing provision, the parties agree that no contract or subcontract for either labor or materials performed or furnished in furtherance of

this Agreement has been or shall be entered into prior to the expiration of ten (10) days from the date of the execution hereof.

23. Developer and RME will cooperate fully with each other in all matters relating to obtaining all approvals of all regulatory agencies required in order for RME to provide wastewater service to the Property. Developer agrees that if it shall enter into a contract to sell the Property or a major portion thereof, such contract shall incorporate this Agreement and the obligations imposed hereunder on a successor developer. Neither this Agreement nor any of the rights, duties or obligations of the Developer hereunder may transferred or assigned (by operation of law or otherwise) by the Developer except with prior written approval of RME.
24. RME specifically reserves the right to withhold approval and to forbid connection to the Facility constructed pursuant to this Agreement by any third-party systems.

G. Indemnification

25. Each party to this Agreement shall protect, indemnify and hold the other party to this Agreement harmless from and against all suits or claims that may be based upon any injury or alleged injury to any person or property that may occur, or may be alleged to have occurred, in the course of the performance of this Agreement by such first party or by any subcontractor of such first party, whether such claims shall be claimed that the alleged injury was caused through a negligent act or omission of the first party (the "indemnifying ") or of any subcontractor or the indemnifying party, and the indemnifying party shall, at its own cost and expense, pay all charges of attorneys and all cost and other expenses arising therefrom, or incurred in connection therewith, and if any judgment shall be rendered against the party to be indemnified hereunder (the "indemnified party") in any such action or actions, the indemnifying party shall, at its own cost and expense, satisfy and discharge the same. A party indemnified hereunder shall give the indemnifying party prompt notice of threat or institution of any suit or claim to which indemnification attaches hereunder. The indemnified party shall retain the right to approve the attorneys hired by the indemnifying party or to select its own attorneys, the reasonable charges for which shall be paid by the indemnifying party.
26. The parties hereto agree that RME has no responsibility, liability or obligation of any kind whatsoever with respect to the discharge, control, collection, detention, drainage or transmission of storm water or other non-sanitary flows with respect to the subject Property and design, construction and installation of any structure

of Facilities thereon. Developer shall save and hold harmless RME from and against all suits or claims against RME that may be based upon, or that may be alleged to arise from or be based upon, any requirements or non-conformity with any permit, rule or regulation of the Illinois Environmental Protection Agency or any other governmental body having jurisdiction over the facility with respect to the discharge, control, collection, detention, drainage or transmission of storm water or other non-sanitary flows with respect to the Property and the design, construction and installation of any structure or Facilities thereon. RME shall notify Developer in writing of any such suit or claim (or the threat thereof) promptly upon RME first having knowledge thereof and shall give Developer full authority, information and cooperation in connection with the defense of such suit or claim by Developer. RME retains the right to approve the attorneys hired by Developer or to select its own attorneys, the charges for which shall be paid by Developer.

- 27.** Neither party to this Agreement shall be liable to the other for failure, default or delay in performing any of its obligations hereunder, other than for payment of money obligations specified herein, in case such failure, default or delay in performing any of its obligations specified herein is caused by strikes or other labor problems, by forces of nature, unavoidable accident, fire, acts of public enemy, interference by civil authorities, passage of laws, orders of the court, adoption of rules, ordinances, acts, failures to act, decisions or orders or regulations of any government or military body or agency, office or commission, delays in receipt of material, or any other cause, whether of similar nature, not within the control of the party affected and which, by the exercise of due diligence, such party is unable to prevent or overcome. Should any of the foregoing occur, the parties hereto agree to proceed with diligence to do what is reasonable and necessary so that each party may perform its obligations under this Agreement. RME shall not in any event incur any liability to Developer for consequential or other damages that may result from delays in initiating service or interruptions or other malfunctions of service.
- 28.** No provision in this Agreement shall relieve Developer of responsibility for negligence or faulty materials or workmanship, or the consequences thereof, within the extent and period provided by law.

H. Applicability of RME's Rules

- 29. This Agreement, and all rights and obligations hereunder, shall be subject to the Rules and all applicable rates, fees, charges, and tariffs of RME as approved by the Illinois Commerce Commission ("Commission") from time to time.
- 30. RME shall have the unilateral right to apply to the Commission for changes or modifications in any of its rates or charges and to alter or amend its terms and conditions of service and to otherwise charge for its services as may be permitted by the Commission.

I. Insurance

- 31. Developer shall furnish RME with appropriate certificates of insurance, each containing a ten-day notice clause, stating collectively that Developer or its contractor or subcontractors has the following insurance coverages:
 - a) Workman's Compensation Insurance which provides statutory benefits required by the laws of the State of Illinois;
 - b) Comprehensive General Liability Insurance naming RME as an additional insured in the following amounts: injury to any one person, not less than Three Million Dollars (\$3,000,000.00) per incident, including accidental death, and not less than Three Million Dollars (\$3,000,000.00) for any one incident; property damage, not less than Three Million Dollars (\$3,000,000.00) for each incident.

J. Waiver

- 32. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

K. Assignment/Binding Effect of Agreement

- 33. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that an assignment or other transfer of this Agreement or any rights or obligations hereunder by Developer shall not be binding upon RME or create any rights in the assignee until such assignment or other transfer is approved and accepted in writing by RME.
- 34. RME shall have the right to assign all of its rights and obligations under this Agreement to any entity which succeeds to or acquires substantially all of RME's

operations or assets provided such successor expressly assumes all of RME's obligations herein and has governmental approval and authorization to perform all of RME's obligations. Any such assignment by RME shall relieve, release, and discharge RME from any further duty or responsibility under this Agreement. Notice of any such assignment shall be given in accordance with the Notice provisions specified in this Agreement.

35. Developer agrees that all affiliates of Developer, which become participants in the Property, shall be additional parties to this Agreement. Developer shall inform RME of the identity of each such affiliate and shall cause such affiliate to execute documents that are satisfactory to RME's counsel acknowledging the effect of this Agreement.

L. Notice

36. Any notice required or permitted to be given under this Agreement shall be deemed delivered and be effective on the date physically delivered to the party to whom notice is being provided or two (2) calendar days following the date on which the notice is deposited in the United States Mail, postage prepaid, certified delivery, and addressed to the party to whom notice is being provided, as follows:

Fidelity Wes
1153 W. Dundee Road
Arlington Heights, IL 60004
Attn: Mike DeMar

or such other addresses as Developer may advise RME in writing, and to RME at:

RME Illinois L.L.C.
965 Westshore Drive
Fox Lake, IL 60020

or to such other addresses as RME may advise Developer in writing. Each party shall promptly provide written notice to the other party, as provided herein, of any subsequent change of address, and the failure to do so shall preclude any subsequent claim that notice was improperly given thereunder.

M. Other Provisions

37. RME may record this Agreement or a memorandum thereof in accordance with the laws of the State of Illinois.
38. It is agreed that RME is not an agent of Developer and shall not incur any costs or expenses on behalf of Developer and that Developer is not an agent of RME and shall not incur any costs or expenses on behalf of RME.
39. This Agreement, together with the attachments hereto, sets forth the complete understanding between Developer and RME, and supersedes all prior negotiations, understandings, and agreements between the parties. No change in, addition to, or waiver of any of the provisions of this Agreement shall be binding upon any party unless in writing and signed by the party sought to be bound.
40. Nothing in this Agreement, express or implied, is intended, or shall be construed, to confer upon or give to any person, firm, or corporation (other than the parties hereto and their permitted assigns) any rights or remedies under or by reason of this Agreement, or any term, provision, condition, undertaking, warranty, representation, indemnity, covenant or agreement contained herein.
41. This Agreement is subject to and conditioned upon the approval by the ICC and conditioned upon the ICC granting a Certificate of Public Convenience and Necessity ("CCN") for the service area. The Agreement is also subject to all applicable rates, fees, charges, and tariffs as approved by the ICC.
42. This Agreement shall be governed by the laws of the State of Illinois.
43. Time is of the essence of this Agreement and each and every term contained herein.
44. The remaining portion of this page has been left intentionally blank, in order to accommodate the signature/approval page which follows.

IN WITNESS THEREOF, the parties have executed this Agreement by their authorized individuals to be effective as of the day, month, and year first above written.

RME ILLINOIS, L.L.C.

By: _____

Title: _____

ATTEST:

FIDELITY WES

By: _____

Title: _____

ATTEST:

Exhibit “A”

EASTGATE ESTATES

PARCEL 1:

THE WEST HALF OF THE EAST HALF OF THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THE WEST 172 FEET THEREOF AND THAT PART DEDICATED FOR PUBLIC ROADS), IN LAKE COUNTY, ILLINOIS.

PARCEL 2:

THE WEST 172 FEET OF THE EAST HALF OF THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THE NORTH 661.84 FEET THEREOF), IN LAKE COUNTY, ILLINOIS.

PARCEL 3:

LOT 2 IN EDMUND’S SECOND SUBDIVISION OF THE WEST HALF OF THE EAST HALF OF THE EAST HALF OF THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 43 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 11, 1958 AS DOCUMENT 992765, IN BOOK 1626 OF RECORDS, PAGE 499, IN LAKE COUNTY, ILLINOIS

Sewer System Costs

Plant Costs

Description	Equipment Provider	Docket 07-0332 Eastgate
Recirculating Tank & Equipment Distribution Valve Assembly AdvanTex Media Filter Pod Dose Tank for Dispersal Field Telemetry	Flo-System	\$67,658.00
Dispersal Field Controller, drip tubing, telemetry	Amer. Mfg.	\$26,000.00
Utility Enclosures		\$500.00
Installation Contractor	Levernier	\$74,350.00
Inspection & contingencies		\$4,000.00
Total plant costs		\$172,508.00

Onsite Costs

Orenco systems septic tanks, filter, pumps and VeriComm monitoring system		\$60,000.00
HDPE piping valves, toner wire, valves, miscl.		\$15,000.00
Installation Contractor	Levernier	\$9,492.00
Total onsite costs		\$84,492.00
Total sewer system costs		\$257,000.00